

TSIS-CBS INTERFACE TRAINING

Script: PART V SECTION B - Scale Contract Payment Bond Example For NTC Kerry Kinslow

Slide 1 Title Page – TSIS-CBS Interface Scale Contract

Welcome to the BLM's Training Course, titled "TSIS-CBS Interface Part V Section B - Scale for Payment".

Slide 2 – Part V Section B Scale Contract Payment Bond Example

This training session will focus on using a payment bond for a scale contract.

Slide 3 – Welcome

I'm Shawwna Dao and I am currently a Forester in the Eugene District BLM in Oregon. I have been a Forester in Oregon for the last 6 years working on both the O&C and PD lands. My timber sale program experience includes working with lump sum and scale for payment sales, including timber sale contract administration, accounting, and TSIS testing aspects. I hope this training material is informative and useful for you.

Slide 4 – Topics

For this training exercise we will show TSIS entries and how to prevent overbilling by utilizing a Holdback in Activity Reporting. The Holdback assumes that the volume will underrun. To keep the process simple, we are going to use a payment bond for the entire contract value, to avoid possible overcutting and overyarding issues. However, these issues could come up in actual sales, so TSIS users need to be aware of, and watch out for, them.

Because the CBS part of the Interface is not any different with a Scale Contract than with a Lump Sum Contract, and the CBS portion has already been shown in the previous training exercises, we will not be showing any screenshots from CBS.

Throughout the presentation we will be identifying some current shortcomings of TSIS regarding Scale Contracts. There will be enhancements to TSIS to address these issues, but those enhancements will probably not be available until Fiscal Year 2016.

Slide 5 – Training Exercise 1 Scale Contract

As we previously mentioned, the first training exercise will consist of a Scale Contract in which the final volume amount is less than what was originally in the contract. This example will be a fairly simple contract with just 4 harvest units and only one stratum for each unit. There are two species – Douglas-fir and ponderosa pine. And to keep things simple, there are no other contract fees, like for road maintenance or slash disposal. Also the purchaser will be acquiring a payment bond for the value of the entire contract, so there will be no concerns about overcutting or overyarding.

Slide 6 – Contract Summary

This screen displays the TSIS Contract Summary, showing the current Contract Value and Volume. The contract is in the Approved status, with the First Installment already collected.

Slide 7 – Contract Definition

As we mentioned in the introduction to this training segment, this contract consists of two species, Douglas-fir and ponderosa pine. Both species are present in all cutting units.

Slide 8 – Unit Summary

Information about the units is shown here. Please note that the values shown here are based on the appraised price, not the final bid price. We will only create one stratum for each unit and throughout the remainder of this presentation, when we refer to a unit we are also referring to that respective stratum. Also on this screen the user cannot determine the volume for each of the two species, Douglas-fir and ponderosa pine.

Slide 9 – Volume per Unit

The user can click on the 'select' to get a breakdown of the volume by species for each unit, in this example for Unit 1. Again, the values shown here represent the appraised values not the bid value.

Slide 10 – Activity Information Screen

By selecting the Activity Info tab on the Contract Summary screen, the user can get information on the current contract acres, values, and volumes. Also, note that the far right column is for the amounts that have been yarded. In a few minutes we will show how this column layout will change with Scale Contracts. As we have already discussed in the previous Interface training sessions, a certified activity report is needed to create a bill. Prior to creating an activity report

and subsequent billing for a Scale Contract, it is critical to evaluate the scaled volume. We will start the process with the Scale Report.

Slide 11 – Scale Report No. 1

The Contract Administrator has received the first scale report from the purchaser, Scaling Bureau, or Ticket Tracker. There is no standard format for these reports, so often sale administrators create their own cuff records from what was received from the purchaser, such as the one shown on this screen. In this example, the report date, species, and the scaled volume for this report are shown. Additionally the cumulative volume scaled so far is also shown, which is the same as the report volume because this is the first report. Also, the species value per thousand board feet is entered to calculate the scaled value for the report and the cumulative scaled value. This cumulative scaled value, \$2,200 in this example, is very important and you will see how it is used in a few minutes.

One of the discussion items that needs to occur between the field forester and their District or State Lead is the format and contents of scale reports submitted by the purchaser. Local conditions may dictate that the scale report includes different information. In this example we are also including the Unit number. For some contracts, this information may be too specific to obtain as volume may be coming from several harvest units.

Slide 12 – TSIS Scale Report Change Old Functionality

With TSIS Version 5.1, the TSIS Scale Report functionality has changed. The tabs that gave the ability to reconcile scale reports with activity reports and make a scale adjustment modification have been removed. The reason for their removal is related to programming issues that could impact TSIS functionality. TSIS users can perform any reconciliations on a cuff sheet and scale adjustment modifications can be done through the regular contract modification process. This training example will demonstrate how to do both of these functions.

Slide 13 – TSIS Scale Report Change new Functionality

The TSIS Version 5.1 has only a tab for Scale Report. Selecting the “New Scale Report” button will provide a blank Scale Report form.

Slide 14 – Blank Scale Report Entry Screen

A partially blank form comes up, and the user needs to fill in the blanks to complete the Scale Report. Note that both species and the total volume for each species are listed separately. This information auto populates from the Sale Definition part of TSIS. After the user enters the new volume scaled for each species, they need to "Save" the data.

Slide 15 – Completed TSIS Scale Report

The user has entered the information furnished by the purchaser and some of the information shown on the Excel spreadsheet cuff record from a few slides ago. The report date was July 28th, and includes Load Tickets 1 through 18. All of the volume came from Unit 1 and the total volume was 90 MBF, broken out by the two species.

As we mentioned earlier, one of the discussions that needs to occur between the field forester and their respective District or State Lead prior to offering a scale contract is the information needed for the scale reports. This discussion should include, at a minimum, the load ticket numbering procedure along with submittal dates and how the cumulative scale volume will be tracked, for example by tons, MBF, etc.. The user may also want to track scaled volume by unit. However, this could get complicated if the scaled volume is coming from multiple units.

One of the current shortcomings of TSIS is apparent on this screen. There are no dollar values shown for the scaled volume. As you will see throughout the remainder of this training, scaled values are important. This issue will be addressed in the future TSIS release on Scale Contract Enhancement.

Slide 16 – TSIS Scale Report Listing

After a specific scale report has been entered and saved, it is available for review or editing via the Scale Report tab.

Slide 17 – Activity Information Screen

Once a Scale Report has been entered and saved in TSIS, the Activity Information screen changes. There is a new column on the far right side titled "Scaled". This is the cumulative scaled volume entered in the Scale Reports to date. While showing a cumulative total, it does not break down the volume by species.

For this activity report, the Contract Administrator has observed 5 acres cut and yarded in Unit 1. As we will show, if 5 acres are entered in the Activity Report, the purchaser will be overbilled.

This is because the actual scaled value and volume is less than the estimated value and volume that the purchaser would normally be billed for. Earlier we introduced a concept call a “Hold-back”, where not all cut and yarded acres are included on a specific activity report. Those remaining acres are held-back and reported later in the contract administration process to reconcile with the actual scaled volume.

The next several slides will demonstrate two methods of calculating how much acreage to hold back for an activity report.

The user will start entering an activity report by selecting the “New Activity Report” button.

Slide 18 – Blank Activity Report

As we have already mentioned, the challenge with Scale Contracts in TSIS is reconciling the scaled value with the value in the Activity Report. A valuable piece of information is the value per acre for each of the harvest units.

Unfortunately, TSIS currently does not easily display information for timber sales that sell for a higher value than the appraised value. The Sale Definition only shows the appraised value.

The Contract Summary Report shows the stratum values which are used for payment calculations. As a reminder, the Contract Summary Report icon is located in the upper right corner of the Contract Info tab. We will demonstrate how TSIS provides that information after the next slide. This is another issue that will be addressed in the future TSIS release on Scale Contract Enhancement.

Slide 19 – Determining Value per Acre

One way to determine the value per acre by hand is for the user to develop their own spreadsheet. The calculations for Unit 1 are shown in the top table. The user needs to keep in mind that there are two species, in which their separate values need to be combined for a total per acre shown in column H. The far right column provides a value for several levels of harvest. For comparison purposes, the bottom table provides the scale report we discussed a few slides earlier. Based on a scaled value of \$2,200, it appears that a reported harvest of between 3 and 4 acres in Unit 1 comes the closest to the scaled value.

In the next few slides we will show another technique for the TSIS user. For complicated contracts with many units and strata, the method we are about to show is recommended.

Slide 20 – Entering 5 Acres for Unit 1

The other option, the recommended option, to reconcile scaled value with the activity report is to just use the Activity Report itself. Two slides ago we mentioned that TSIS uses current values in calculations. The next few slides will demonstrate how that is done.

In this particular example, the Contract Administrator observed 5 acres were harvested. If 5 acres are entered in the Activity Report and the user selects “Save Activity” ... TSIS will do all the work determining the total value cut and yarded based on the acreage entered.

Please note that when running through these iterations using Activity Reports, remember not to select the “certify” tab near the top of the screen until the scaled and activity report values are nearly the same.

Slide 21 – Value of 5 Acres of Harvest in Unit 1

A value of \$3,250 appears in the upper right table if all 5 acres are entered. This value is higher than the scaled value of \$2,200.

Slide 22 – Changing to 4 Acres in Unit 1

If the user now tries to enter 4 acres and selects “Save Activity” ...

Slide 23 – Value of 4 Acres of Harvest in Unit 1

The value is now reduced to \$2,600. However this is still above the scaled value of \$2,200.

Slide 24 – Changing to 3.3 Acres in Unit 1

The user now enters 3.3 acres, which reduces the value to \$2,145. This value is very close and less than the scaled value of \$2,200, so the user selects “Save Activity” and then selects the “Certify” tab. In this example, 1.7 acres of the observed 5 acres cut and yarded are being held-back. Another of the discussion items between the field forester and their respective District or State Lead is how much hold-back should be used.

Slide 25 – Start of Activity Certification Process

The Activity Report Certification process starts when the user selects “Certify”. We have mentioned several times throughout all of the TSIS-CBS Interface training the importance of Activity Report certification. Selecting the “Certify” button here does not automatically certify the Activity Report. It merely starts the process. And while this is repetitious of previous training segments, we will go through the certification process again, because of its importance.

Slide 26 – Calculations Screen

The Calculations Screen provides the bill amount, \$2,145. This screen also provides the user with information related to first installment credit, which in this case is none, and how much is available for additional cutting and yarding under the current payment bond. We set this example up with a payment bond for the entire contract value; however, most contracts usually don’t have that high a bond value. So the user must be vigilant to ensure that cutting and yarding does not exceed the bond value. If the values provided on this screen are acceptable, the user selects the “Continue” button.

Slide 27 – Instructions Screen

The Instructions Screen appears next. This screen provides three very critical pieces of information. While the Activity Report is still not yet certified, we are rapidly approaching the “point of no return”. This screen shows the amount that will be on the bill, \$2,145. The Earned Account where these funds will be permanently deposited is also shown, in this case it is the Timber account in the 5900 subactivity on Public Domain lands. The harvest value is also credited for a county in the State of Colorado.

The third important piece of information is the billing date. We have already discussed the importance of this date in the earlier Payment Bond section of the training. But we are going to repeat it here, because of its importance.

The billing day of the month is set when entering the Payment bond information. This date is usually mutually agreed upon by the BLM and the Purchaser. The bill **date** on this screen is populated based on the current date and the billing day of the month from the Payment bond. If the **bond's billing day** has recently passed, the default bill date shown on this screen will be up to a month in the future. A bill generated with this default value would be due up to 45 days from today - this is unacceptable, and could potentially lead to an overcut situation. While the bill date cannot be backdated, it should always be checked and the user can change the date to bill appropriately.

Slide 28 – Resetting Billing Date

The Billing Date is now reset to the actual date this activity report was certified, which was August 7th. The Bill Due Date is automatically generated by TSIS for 15 days later.

Slide 29 – Activity Report Certification

The activity report is now ready for certification. When the \$2,145 bill associated with this activity report is paid, that money will go into the earned account shown in billing details. The important item to remember is that once funds go into an earned account, much more administrative work is required to process a transfer to another account or to refund money back to the purchaser. This is the primary reason for the Hold-Back we have already mentioned for Scale Contracts, which have a higher likelihood of overbilling a purchaser. It is much easier at a later date to add additional funds to an earned account, then withdraw funds from an earned account.

Slide 30 – Bill Created

A bill has now been created to be sent by the CBS user to the purchaser.

Slide 31 – Account Summary

After the purchaser pays the bill, TSIS will show this collection as earned in Account Summary. Also the cumulative scaled volume is provided in the lower right column. At this point, with the collection in an earned account, we have passed the “point of no return”. While this expression may be a bit over-dramatic, because of the administrative work involved to correct the problem, it is likely that some people will be very unhappy with the user who certified the errant report.

Slide 32 – 2nd Scale Report

A second scale report has been received from the purchaser. Per our earlier recommendation, the purchaser should be submitting the cumulative volume scaled to date. The user can use a worksheet similar to the one shown here to calculate the scaled volume for this report. This may seem confusing, so we will repeat it. Purchasers should be submitting cumulative scaled volume reports. But users for the present time need to calculate the scaled volumes from each individual Scale Report. One reason why cumulative reports are required from the purchaser is to ensure that no separate individual reports are inadvertently lost. A cumulative report helps verify total volumes removed and scaled.

Also, the worksheet needs to determine the new cumulative scaled value, which is \$6,340.

Note that this scaled volume also comes entirely from Unit 1.

Please recognize that the dates provided for all Scale Reports are compressed for this training exercise to better track scale reports and corresponding activity reports. It is extremely unlikely that a timber sale contract administrator would receive another scale report on the next day.

Slide 33 – 2nd Scale Report Incorrectly Entered in TSIS

We do want to provide a precautionary note here. The user should not enter the new cumulative totals from the Scale Reports in the **TSIS** Scale Report. The top table shows just the second scale report developed from the purchaser's submission. The new cumulative totals for Douglas-fir and ponderosa pine are 118 and 140 MBF respectively. If the user were to enter those values in the TSIS Scale Report, an incorrect cumulative total would be provided.

Slide 34 – Activity Info Screen with Incorrect Cumulative Volume

By entering the cumulative scaled volume as a new 2nd TSIS scale report, which we just demonstrated, the new cumulative volume calculated by TSIS is 348 MBF, which is incorrect. The error came about because TSIS included the volume from the 1st Scale Report.

Slide 35 – 2nd Scale Report Correctly Entered in TSIS

The user has now correctly entered the second scale report in TSIS, specifically 78 MBF for Douglas-fir and 90 MBF for ponderosa pine. The TSIS Scale Report will add the previous entry to this report to provide a cumulative volume for each species. The user should verify this new cumulative total with what has been provided by the purchaser.

Slide 36 – Scale Report List

After either initially saving or updating a Scale Report, TSIS goes to the list of all entered Scale Reports. The scaled volume amount here is the total for both species with each report, but there is no cumulative scaled volume for the contract to date on this screen.

Slide 37 – Activity Info After 2nd Scale Report

However, the Activity Information screen in the Contract Summary will show the new cumulative scaled volume total, which is 258 MBF. However, as we have mentioned earlier this cumulative amount is not broken out by species.

Slide 38 – Starting 2nd Activity Report

We are now going to process the 2nd Activity Report based on the 2nd Scale Report submitted by the Purchaser. At this time the Contract Administrator has observed that all 11 acres in Unit 1 have been cut and yarded.

Slide 39 – Entering 6 Acres in Activity Report

Following the process we demonstrated in Activity 1, the user enters 6 acres as cut and yarded. After saving the activity, the upper right table provides an update on total acres, which are now 9.3; the value, which is now \$6,045; and the volume, which is now 232.5 MBF. The user should focus on the new total value which is \$6,045; and compare it to the cumulative scaled value which is \$6,340. It is important to look specifically at the value, because the volume does not distinguish between the two separate species, Douglas-fir and ponderosa pine. The value calculated by TSIS reflects the ratios between the two species based on the estimates provided in the Sale Definition. The cumulative scaled value represents the values of the two species and is based on what has actually been removed. Note that the 9.3 acreage value calculated in TSIS is \$6,045, which is less than the actual scaled value of \$6,340.

Slide 40 – Entering 6.4 Acres in Activity Report

If the user enters 6.4 acres in the activity report, the recalculated total value is now \$6,305, which is close to the actual scaled value of \$6,340. The new total acres reported are 9.7 acres out of the 11 acres in Unit 1. The Hold-back is 1.3 acres, or 12 percent of the unit.

Remember that the Hold-back percentage used in a scale contract is a discussion item between the field forester and their respective District or State Lead. It is highly recommended that the user not close out any harvest units until late in the contract when most of volume has been removed and scaled. Volume adjustments may be needed in some, if not all units, and while volume can be added to a contract that has already had all acres certified as harvested, volume cannot be removed from a unit that has already had all acres certified.

Slide 41 – Calculations Screen

The Calculations Screen provides the bill amount, \$4,160. This screen also provides the user with information related to the first installment credit which, similar to the first activity report, is none, and how much is available for additional cutting and yarding under the current payment bond. We set this example up with a payment bond for the entire contract value; however, most contracts usually don't have that high a bond value. So the user must be vigilant to ensure that cutting and yarding does not exceed the bond value. If the values provided on this screen are acceptable, the user selects the "Continue" button.

Slide 42 – Instructions Screen

The Instructions Screen appears next, showing the amount that will be billed and the total value that has been billed to date. Again, we are rapidly approaching the "point of no return". This screen shows the amount that will be on the bill, \$4,160.

We have already discussed the importance of the billing date in the earlier Payment Bond section of the training. But we are going to repeat it here, because of its importance. The billing date has already been changed to the date of the Activity Report certification.

The activity report is now ready for certification. When the \$4,160 bill associated with this activity report is paid, that money will go into the earned account shown in billing details. At the risk of sounding like a broken record, the important item to remember is that once funds go into an earned account, much more administrative work is required to process a transfer to another account or to refund money back to the purchaser. This is the primary reason for the

Hold-Back we have already mentioned for Scale Contracts, which have a higher likelihood of overbilling a purchaser. It is much easier at a later date to add additional funds to an earned account, than it is to withdraw funds from an earned account.

After the user selects “Certify and Print”, a bill will be created to be sent by the CBS user to the purchaser. We have covered that part of the process extensively in previous parts of this training, so we will not repeat it here.

Slide 43 – Final Scale Report

A third and final scale report has been received from the purchaser, covering all remaining units in the contract area. Again, per our earlier recommendation, we will first enter the scale report on a spreadsheet, because we need the difference in volume (1,108 MBF) for this specific report for TSIS. Keep in mind we are requiring the purchaser to submit a cumulative report of all scaled volume to date for the contract. The final cumulative scale volume is 1,366 MBF. Also we see that the cumulative scaled value is \$33,120.

When you compare this to the original contract volume amount of 1,373 MBF, with a value of \$33,370, you can see that this scale contract was subject to a volume and value underrun. Before this contract can be terminated, the actual scale volume and value needs to be reconciled with the contract volume and value. In a few slides we will show one approach on how to address this underrun and reconcile TSIS. As users become more familiar with this reconciliation process, they may find shortcuts that will combine some of the steps in the presented method. These shortcuts can be used, provided that the results are the same – that is, the correct volume and value is in TSIS and that the purchaser has paid the correct amount.

Slide 44 – After Saving the Scale Report

The user has entered and saved the third scale report in TSIS. There are several important pieces of information on this screen. One – the scaled volume for this report, which is 1,108 MBF; two – the breakdown by species for this scaled volume; and three – a comparison of the total volume by species scaled to the original contract volume for each species. A little later we will show the importance of knowing the breakdown of scaled volume for each species.

Slide 45 – Creating an Activity Report

The user will now create a new Activity Report based on this last Scale Report. However, it is important to note that because the final scaled volume does not match the estimated volume in the contract, an additional activity report will be required before the contract can be closed out and terminated. This process will be shown shortly.

Also, as we have already mentioned earlier, the total scaled volume to date can be found in the Activity Information tab when an activity report is being initiated. However, this scaled volume does not provide a breakdown by species.

We now know the final, total volume that has been removed and scaled under this contract, which is 1,366 MBF. If you remember, the original contract had a total volume of 1,373 MBF. Over the next several slides we will demonstrate one method of how to address this underrun issue and correct the contract volume and value to the correct figures through a modification. There is no one set way on how to address this underrun issue and users may find over time a method that they are more comfortable with. This presentation will show one method, and also highlight specific issues that the user needs to be aware of, if they elect to use a different method. The user will select “New Activity Report” to start the process of entering new activity report information.

Slide 46 – Activity Report Template

The activity report template screen shows the uncut and unyarded acreages in each of the units. The user needs to be aware that before acreage and/or volume in a harvest unit can be reduced through a contract modification, the amount of the reduction must be in the uncut and unyarded category. In other words, if all acres are shown as cut and yarded in a unit, a negative modification cannot be processed using that unit.

The user has two options of processing the negative modification:

1. The user has the option of processing the negative modification now to address the volume underrun prior to completing a final activity report that incorporates both the modification and the final activity, or
2. The user can certify a third activity report first that covers the majority of the harvesting activity while using the holdback concept that we have discussed earlier. Then the user can determine how to enter the modification and the following last activity report to ‘zero out’ the volume, acres, and value.

The following slides outline the second option.

Slide 47 – Acres Cut and Yarded Entered

In this example the user elects to show all acres cut and yarded in Unit 3 and the Right of Way and 40 of the 48 total acres in Unit 2. The user also elects to leave the remaining 1.3 acres in

Unit 1 uncut and unyarded. By selecting the “Save Activity Button” the user can see the total acres, value, and volume of this activity report in the new row under the Activity Totals table in the upper right corner, as well as the totals so far for all contract activity to date.

Slide 48 – Calculations Screen

The Calculations Screen provides the bill amount, \$22,540. As we have already mentioned, this screen also provides the user with information related to first installment credit which, similar to the first activity report, is none, and how much is available for additional cutting and yarding under the current payment bond. We set this example up with a payment bond for the entire contract value; however, most contracts usually don’t have that high a bond value. So the user must be vigilant to ensure that harvesting does not exceed the bond value. If the values provided on this screen are acceptable, the user selects the “Continue” button.

Slide 49 – Instructions Screen Completed

The user has completed the necessary data inputs on the Instructions Screen and is now ready to certify the activity report by selecting the “Certify and Print” button.

Slide 50 – CBS Bill Created

A CBS bill has now been created and will be sent to the purchaser.

Slide 51 – Volume and Value Comparison

It is now time to make the final volume and value adjustments to reflect the actual harvested volume and value totals and to terminate the contract. While there is no required format to use in determining adjustments to volume and value, the worksheet formats shown on the next several slides are recommended to address two issues:

One issue is the difference between the original contract volumes and values and what was scaled, and the second issue is to report out the remaining acreage in an activity report.

The worksheet shown here highlights those issues. Table 1 shows the scaled volumes and associated values by species. Table 2 shows what has already been reported for these species volumes and values through certified activity reports. Table 3 shows the differences between

Tables 1 and 2. Table 4 shows what still remains to be reported based on the original contract. The contract modification that will address the volume and value adjustments based on what was scaled will be based on reconciling Table 3 with Table 4.

Slide 52 – Adjustments Needed

This worksheet shows what the scale adjustment modification needs to address.

One, the acres harvested has not changed. The 65 acres in the original contract were harvested, so the acreage figure should not change.

Two, the contract volume must be reduced from 1,373 MBF to 1,366 MBF. However, please note that there is actually an increase in ponderosa pine volume from what was in the original contract. So, the Douglas-fir volume must be reduced by 11 MBF and the ponderosa pine volume increased by 4 MBF to reach the overall volume reduction of 7 MBF.

And third, because these two species have different unit prices, any volume changes must also take the value change into account. The total values for each of these species must be adjusted to reflect the decrease in total value of \$250.

Slide 53 – Scale Contract – 5450-26 Section 3(g)

Per Section 3 – e of Scale Contract Form No. 5450-4 or Section 3 - g of Contract Form No. 5450-26, the BLM sale administrator will need to determine any remaining volume in the contract area after the purchaser has completed their operations. The purchaser will be charged for this remaining amount. This volume and its associated value will need to be added to the contract via a modification and the purchaser billed accordingly. For this example, there is no remaining volume. However, in the next training session, there will be some remaining volume and a method on how to address this volume in TSIS will be presented.

Slide 54 – Remaining Unreported Acres, Volume and Value by Harvest Unit

This screen is an example of another worksheet the user should develop for final adjustments. Box 1 shows the remaining volumes and values that are not yet reported for this contract by Harvest Unit. Any negative modifications can only be made in Units 1 and 2, because as Box 2 shows, Unit 3 and the Right of Way are reported as complete.

Slide 55 – Entering Scale Adjustments in TSIS

Before the final activity report can be certified, the scale adjustment modifications must be entered in TSIS. The user has a great deal of flexibility in the development of the scale volume adjustment modification that will address the difference between the actual volume scaled vs what was in the original contract. However, because of constraints in TSIS, there is one rule they must follow. That is, negative modifications must be entered first, before any positive modifications are entered.

Slide 56 – Modification Volumes

This screen shows the two volume adjustments that were entered in TSIS. First, the Douglas-fir volume was reduced by 11 MBF, and second, the ponderosa pine volume was increased by 4 MBF. They are going to be grouped under the same modification – Mod 1.

Slide 57 – Negative Volume Adjustment Modification

The user can choose which specific unit or units they want to do the modifications in, as long as there is enough remaining value and volume in that specific unit for negative adjustments. For this example, the user is going to do both volume adjustments in Unit 2. The user enters the negative 11 MBF volume for the Douglas-fir in this unit first.

Slide 58 – Positive Volume Adjustment Modification

The increase of 4 MBF in ponderosa pine volume is entered next. Note that the user must 'Copy' Unit 2 again to create another adjustment to Unit 2, in this case adding the ponderosa pine volume. Also note that the two modification Units must have different Unit Numbers.

Slide 59 – TSIS Contract Modification

Once the modification has been certified, the user can see the change in value and volume from this modification.

Slide 60 – Contract Summary Screen

This volume and value change is also reflected in the Contract Summary screen. Note the adjusted volume of 1,366 MBF.

Slide 61 – Initiating a Final Activity Report

The user now begins the process of entering the final Activity Report that will zero out acres, volumes, and values. Note the scaled volume of 1,366 MBF.

Slide 62 – Completed Activity Report

The TSIS user enters the remaining acres for both Units 1 and 2. Also the two volume adjustments are applied.

Slide 63 – Calculations Screen

At the Calculations Screen, the user will now have the opportunity to apply the 1st half of the First Installment.

Slide 64 – Instructions Screen

While the previous Calculations tab only addressed the 1st half of the First Installment, TSIS knows that all remaining volume is in this activity report. So in the Instructions tab, the entire \$4,000 of the First Installment will actually be applied, and consequently, the Purchaser will only be billed \$275. The already collected \$4,000 for the First Installment will be adjudicated to the final CSA. Also note that the user has already corrected the Billing date to reflect the date of the activity report.

Slide 65 – CBS Bill Created

A final bill has been created, number 2014000874, and will be mailed to the purchaser.

Slide 66 – TSIS Contract Summary

After the final bill is paid and entered in CBS, the Contract Summary in TSIS now shows: Number one, no Unpaid Balance. Number two, there are also no uncut or unyarded acres or volume. Number three, the current contract value is \$33,120 and the volume is 1,366 MBF, reflecting the scale adjustment modification. And number four, note that there is no change in contract acres. In scale adjustment modifications, there should be no change in contract acres.

Slide 67 – TSIS Account Summary

The TSIS Account Summary also shows that there is no unpaid balance. It is important to view this summary to ensure that there are no unpaid balances in other accounts such as Road Maintenance. Since we did not include any other accounts in this example, the installment amounts just say “Not Defined”.

Slide 68 – TSIS Account Ledger

The TSIS Account Ledger shows all bills and their subsequent collections.

Slide 69 – Termination Checklist Complete

After releasing the surety performance and payment bonds, the user can proceed with Contract Termination. The checklist shows all items complete, so the user can select the “Terminate Contract” button.

Slide 70 – Contract Terminated

The contract is now terminated.

Slide 71 – Training Module Highlights

To summarize some of the highlights of this module using a payment bond:

The user will find that their development of worksheets will be a very useful tool in the administration of the contract. The examples shown here will need changes for more complex contracts.

While it is difficult to predict whether a contract will UnderRun or OverRun, the user should favor an UnderRun in their reporting, because final scale adjustments through contract modifications are much easier.

The user should hold back a percentage of acres in the harvest units when certifying activity reports.

Finally, scale adjustment modifications should not result in changes to contract acres. Any changes to contract acres in a modification should reflect actual ground disturbance.

Slide 72 – Acre Changes Related to Scale Contract Modifications

We want to emphasize this last item related to acreage change issues in a scale contract modification. Volume adjustment modifications are zero-acre modifications, resulting in no change to the contract acreage. Any acreage change in a scale contract should be the result of a change in the disturbance footprint of the contract, either an increase or a decrease.

Slide 73 – Recommendations for Scale for Payment Contracts

We would like to finish up this training session on scale contracts with some general recommendations, specifically related to the use of TSIS.

Use whole numbers for unit acres in contract definition.

If you are going to divide units into Strata, you will need to know the volume per acre for each stratum, even though that information is not in the contract definition in TSIS.

Initially hold back a minimum 10% of acres from Activity Reporting. We have covered this recommendation quite extensively in the training.

And finally, close out units cautiously but quickly. The contract administrator needs to use professional judgment and continually monitor the progress of the contract to determine at the earliest possible time whether a contract will UnderRun or OverRun.

Slide 74 - Recap

To recap this training module, we demonstrated how the TSIS-CBS Interface functions in a Scale Sale using payment bonds.

The functionality of the Interface is no different between a Lump Sum sale or a Scale Sale.

However, in the case of possible underruns of volume, the user must hold back enough acreage to make negative volume adjustments at the end of the sale.

Slide 75 – For Additional Assistance

If you have any questions about the material presented here or are interested in more information about the topics discussed, please contact your State or District Forestry lead. A contact list is available from the FRIS launchpad under TSIS User Support and the State Leads tab.

Slide 76 – The End – Part V Section B

This completes the payment bond example for the scale contract module for the TSIS-CBS Interface Training. Thanks for listening!